



Sullivan County Rural Electric Cooperative, Inc.

P.O. Box 65, Route 87 • Forksville, Pennsylvania 18616 • Phone: 570-924-3381, 800-570-5081

January 1, 2025

Dear Residential Member:

There will be a 1.01% or \$1.79 per month overall electric bill increase for the average consumer member using 930 KWh per month beginning with your January 2025 KWh usage. You will see this rate change on the bill you receive in February. This rate change consists of a Basic Service Charge increase of \$1 per month, a 3% rate decrease on the Distribution KWh charge, and a 3% rate increase on the Generation KWh charge. The prime driver for this increase is the increased cost of generation.

There are two components that make up each members electric bill. The distribution portion and the generation portion. The distribution portion pays for all the costs at Sullivan County REC. This includes the entire electrical system (substations, poles, lines, transformers, etc.), trucks and equipment, office and warehousing, employees and right-of way clearing.

Distribution rates are made up of two parts: a Basic Service Charge and a Distribution KWh Charge. With this rate change the Basic Service Charge is increasing but the Distribution KWh charge is decreasing. These changes better reflect the reality that Sullivan County REC costs are fixed in nature and do not vary with your KWh usage. For example, while member energy usage can vary month to month and annually, the number of linemen, trucks, and electric infrastructure to serve every member remains fixed. These costs exist whether a member consumes energy or no energy at all.

Generation rates are based upon the cost to generate and transmit power to the Cooperative's substations. Members pay for and are billed on a per KWh basis. During recent years, environmental regulation requirements have forced the closure of many traditional fossil fuel driven generators. At the same time, the demand for energy is increasing and outpacing the construction and commissioning of new power plants. This lack of available supply has caused generation rates to increase. If this trend continues so will the upward trend in generation costs.

Your cooperative is a not for profit organization that strives to keep rates as low as possible while continuing to meet our financial obligations. Our goal each and every year is to cover expenses so that key financial ratios are met and members are not overcharged for the energy they consume. As the cooperative's growth remains flat, any increase on either the distribution or generation portion of the bill results in the increase being passed onto the member. This, unfortunately, has been the environment we have been dealing with over the past several years.

SCREC management struggled to find ways to keep rates stable in the upcoming year but in the end realized a minimal increase was required. The recommended rate increase was approved in December. New rate sheets are available on our web site or can be provided upon request. Please call the office if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Lykens".

John C. Lykens
CEO